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Multinationals In Drugs & Pharmaceutical Industry In India

Trivandrum

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Employees' Federation,
1E, Rajendra Nagar, Patna-800016

(2ND EDITION)
AUGUST, 1979

Available At : National Book Agency,
172, Lenin Sarani, Calcutta-700013

Printed At : Roy Printing Works,
[illegible]nger' P[illegible]na-[illegible]0004

PREFACE

After the publication of the first edition of "Multinationals In Drugs & Pharmaceutical Industry In India", it created much interest amongst the trade unions, intellectuals and many others. Many quaries were raised in connection with the pharmaceutical industry as a whole. We are not in a position to give all details in connection with the production, distribution, marketing and sales etc. in the entire drugs and pharmaceutical industry. In future, we shall make efforts to deal with various aspects separately in subsequent publications.

We are happy to publish the second edition of "Multinationals In Drugs & Pharmaceutical Industry In India". We hope all sections of the people-organised and unorganised–will discuss the stranglehold of the multinationals in this vital industry so that an effective mass movement can be developed demanding immediate nationalisation of multinational companies in this industry.

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Economic background

The entire economy in India is controlled by a few monopoly houses and the rural landlords in collaboration with the multinationals. This triple alliance has shifted the entire burden on the toiling millions in India. Whereas the monopoly houses, the rural rich and the multinationals have increased their assests by leaps and bounds by cornering the fruits of Indian labour; the people are suffering from miserable living conditions, spiralling prices of essential commodities, unemployment etc.

Monopoly growth

According to the estimate based on the Reserve Bank Study of Company finances, the total private sector assets have increased from Rs 11,829 crores to Rs. 17,251 crores i.e. by 45.8% during 1972-76.

As per the report of the Department of Company Affairs, Government of India, 81 large industrial houses increased their assets by Rs. 3,393 crores during 1972-76, which works out to be 60.63%.

Out of these 81 houses, the top houses increased their assets from Rs. 3,398 crores to Rs 5,476 crores i.e. an increase of 61.2%.

The facts are more revealing from the following growth of assets of 4 top-most industrial houses :

		Assets in crores of Rs.		Growth
		1972	*1976*	
Birla	:	*389.42*	*974.63*	*250%*
Mafatlal	:	*183.74*	*256.54*	*139%*
Singhania	:	*121.45*	*241.23*	*198%*
Mahindra	:	*58.49*	*126.06*	*215%*

In the name of mixed economy and in a so called attempt to curb the growth of the monopoly capital, investments were increased in the public sector. But the public sector has been serving the private sector particularly the monopoly capital by providing the infrastructure of higher capital investment industries. In the year 1976, the total profit of all public sector undertakings amounted to Rs. 265 crores, whereas the profit before tax-deduction of 25 monopoly houses alone amounted to Rs. 455 crores. The top 25 monopoly houses alone earned 80% higher profits than the public sector undertakings, taking into consideration the assets of both sectors.

Rural rich

As per 1970-71 agricultural census, it has been reported that 15% of the landlords and the rich peasants own 60.5% of arable land, 25% of the peasants own 26% and 60% of the small peasants own 13.5%. The actual condition is worse than the declared official data. The number of landless labcurers are increasing as the small peasants are loosing their lands day by day. Further, the peasants are suffering due to the monopoly grip on the agricultrual produces who purchase the agricultural products at low prices.

Multinationals

Though meant to protect the Indian business interests, an article published in Illustrated Weekly of India dated 6th. September, 1974, glaringly exposes the multinationals in India in following words :

"Call it neo-colonialism or use any other word, the fact is that foreign firms have bled the country white. No one has ever computed the cost, let alone taken effective measures of control, because so many politicians and bureaucrats – along with company executives—have a finger in the pie. Worse, all this has debased morality and turned the elite into zealous torch-bearers of a degrading Coca-Cola-cum-chewing-gum culture. It is a hard thing to say but the truth is that the working of most foreign firms in the country cannot be told apart from the operations of the smugglers, the profiteers and the tax-evaders. Not too long ago the Wanchoo Committee talked of the 'cancerous growth of black-money in the economy and observed that it distorts the plan priorities, inhibits industrial expansion, induces drain of foreign exchanges, encourages conspicuous consumption and shatters the faith of the common man in the dignity of honest labour and virtuous living. Strangely enough, these remarks also vividly describe the pernicious effect of whatever the foreign investors in India are often, quite legally, up to. In the bad old days imperialism used to be another word for commerce with a mailed fist. In fact. no country fought so long and so hard against economic exploitation by its imperial masters as India did in the first half of this century. For several decades, *Swadeshi* was the symbol of the freedom struggle. And many of those who had little to do with the Congress or the *Charkha*, bought only Indian goods even when they were hard to get But the dawn of freedom suddenly changed all that. Within a few years, the life of every well-to-do Indian came to be dominated from morning till bedtime by foreign brand names. More likely than not he still wakes up with a cup of Brook Bond or Lipton's tea breakfasts on Britania bread and Nescafe, goes to office in a Standard Herald car and is borne to his fourth-floor office in an Ottis elevator. Whether it be clothes or cosmetics,

radios or refregirators, electric bulbs or kitchen utensils, the products of the so-called joint ventures flood the market. An astonishing cent per cent of the total production and distribution of terylene, 85 per cent of tea, 60 per cent of cigarettes and more than half of shoes and soft drinks in the modern sector are controlled by overseas interests Not is their domination confined to low technology consumer products. It extends to some of the most sensitive and profitable industries in the country (tractors, tinplates, industrial gases, explosives, jute and textile machinery for example). It embraces key metals—copper, lead, zinc and above all aluminium. And it covers all the high-growth sectors (drugs, plastics, chemicals, rubber and electronics). This dizzy growth of the foreign stake in Indian business and industry cannot be attributed to oversight. For way back in 1945, the National Planning Committee of the Indian National Congress headed by Jawaharlal Nehru, bluntly called for elimination of foreign capital from 'key industries'. "It has warped and retarded the nation's development' the Committee said. But by 1949, the wheel had already turned full circle. For in April that year, when Prime Minister Nehru defined the Government's policy towards foreign private investment. it was so liberal that it took even the expatriates by surprise. It promised parity with national capital to foreign interests in all matters, complete freedom to repatriate profits and dividends, fair compensation if and when they are compulsorily acquired and no restrictions on transfer of capital. In practice, the foreign-controlled firms have got an even better deal than that. For Mr. Nehru did say that the Government policy would 'enable further foreign capital to be invested in India on terms and conditions that are mutually advantageous.' In fact, the balance of advantage has always been loaded in favour of foreign interests. Likewise. the policy statement declared that the 'Government will not object to foreign capital having control of a concern for a limited period'. But, everyone in authority has taken good care to forget this escape clause and behave as if the foreign firms had a writ to operate for ever as commercial zamindari. Little wonder that the size of the foreigner's portfolio in Indian trade has increased steadily since independence. The total is said to have expanded from Rs. 200 crores in 1948 to Rs. 940

crores in 1965 and further to Rs. 1700 crores in 1973. Ironically, all this sought to be justified on the ground, first and foremost, that it has a healthy impact on the country's balance of payments. But nothing could be further from the truth. As the law stands, every penny that a foreign firm has invested in the country can be repatriated by it at will. All it has to do is to sell the assets in the market, collect the rupees, exchange the sum for foreign currency of its choice through a bank and take it home "

Assets & Profits of Multinationals in India

As on March 31, 1978, there were 146 subsidiaries and 473 branches of the multinationals operating in India. 368 branches out of 473 have the assets of Rs. 2,390 crores as per their balance sheets.

According to Reserve Bank Bulletin of November 1974, the multinationals operating in India increased their profits before tax by 20.5% during 1971-72. The value of production of the multinationals went up from Rs. 2,300 crores in 1970-71 to Rs. 2,602 crores in 1971-72. The Reserve Bank Bulletin Report mentions that the rate of return in respect of U. S. multinationals are as follows during 1971 :

India--14.2%,
Europe—11.5%, Australia—10.3%, Latin America—10.1%
Phillipines—9.2%, Canada—8.8% and Africa—6.8%.

The overall earning ratio of U. S. investment in India rose from 11.9% in 1970 to 12.1% in 1971.

The Dutta Committee on Industrial Licencing in 1969 stated that 'even basic data about the terms of all collaboration agreements, leave alone how they have operated in practice, are not available with Government.'

Prof. Michael Kidron stated that during 1948-61, 'foreign investors as a whole had taken out of the general currency reserves nearly 3 times as they had contributed directly.'

Dr. R. K. Hazari and his associates reveal that 9 wholly owned companies among them were making cash profit which would enable them to recover their investments within 2 years and 15 other multinationals were taking a little more then 4 years to get back their investments.

Dr. Verghese Kurian stated that the Indian subsidiary of Horlicks 'was taking so much profit that it was able to declare a 90% dividend in its first year, 100% dividend in its second year anp 110% dividend in its third year.'

It is stated that Colgate-Palmolive India Pvt. Ltd. declared dividend in 1970 which amounted to 4860% to its share capital.

Imperial Tobacco had capitalised Rs. 4.9 crores foreign trade marks being used by its Indian subsidiary on which it collected Rs. 0.68 crores as dividend in 1971 and Glaxo, which had capitalised Rs. 1.5 crores for its foreign trade mark, earned a profit of Rs. 0.21 crores extra during 1971.

Mr. Sagar C. Jain in a Study Report revealed that out of 88 foreign managers, 1/3 had not studied even beyond high school and only 1/3 had a Bachelors' or Masters' degree. The rest had merely a vocational diploma or had left college without completing the course. Yet 43 of them occupied top level positions in their firms. The super-import of technological skill indeed !

Infiltration of Multinationals in public sector undertakings

In the fertiliser production in the country, the multinational companies are infiltrating in the public sector undertakings in a big way. West German multinational companies have been brought for 'modernisation programmes' at Nangal and Sindri and their counterparts in Japan and Italy are allowed to enter in Gujrat and Trombay units. The fertiliser project at Bombay High feed-stock have invited U.S. multinationals to install 1350 tonnes fertiliser project, ignoring the indigenous experienced technical know-how to install 900 tonnes manufacturing unit.

In steel and metallurgical industries, U.S. multinationals

have been invited to supply technical know-how in Hindustan Steel Limited expansion plan. Seimens of West Germany have been invited to infiltrate and control the Bharat Heavy Electricals Limited (BHEL).

The Japanese Chambers of Commerce is pushing ahead with its plan to intrude in the electronics industry.

The technical collaborations between the multinationals and public sector core industries will have chain reaction affecting the feeder industries also.

Global influence of multinationals

A report of 1973 of United Nation's Department of Economics and Social Affairs states 'these (multinationals, corporations would precipitate a currency crisis if they were to move only a small proportion of their assets from one currency to another.'

The available data in 1973 revealed that the largest 4 companies have an annual sales turn-over of $ 10 billion and more than 200 of them have crossed $ 1 billion mark. Half of these multinationals are from U.S.A. It has also been revealed that half of the total estimated book value of multinationals' investments which reached $ 160 billion in 1971 was again from U.S.A. 8 of the world's 10 largest multinational corporations are also U.S.A.-based. 1/4th of the U.S. Multinational subsidiaries and branches are located in developing countries.

Total production of multinationals reached $ 450 billion of which U.S. Corporations contribute $ 213 billion a year. From an investment of $ 140 billion abroad with an owned fund of about $ 70 billion had enabled U.S. Corporations to repartriate $ 764 billion a year through dividents, interests, royalties and other fees. According to U.S. Tariff Commission's findings, the U.S. multinational corporations' holding of currencies aggregate $ 268 billion. These holdings, all managed by private persons in a private market and virtually uncontrolled by any official institution, are more than twice the total of all international reserves held in central banks and international monetary institutions.

No wonder that the leader of U.S. delegation in the Indo-U.S. Joint Business Council Meeting at New Delhi commented that 'in the last analysis, the multinational corporations' central mission is that of a private enterprise, seeking to make profit in a market place by the most efficient allocation of the firms' resources of capital, technology, management-skill and other corporate capacities

The foreign debts

At the end of 1978, the aggregate outstanding of debts of developing countries stood at almost $ 300 billion. To add to this, the developing countries also suffered in terms of trade loss of over $ 30 billion and a marked widening of their overall current payment deficits.

Import of technology

United Nations Conference on Trade and Development (UNCTAD) reported that the transfer of technology has not produced 'entirely satisfactory results for developing countries.' UNCTAD was very mild about its comments though the report reveals the serious exploitation of the developing countries by so called import of technology. The cost of imported technology is too high, its transfer too slow and the technologies often unsuited to local condition. The execessive cost of technology coupled with terms and conditions of its import 'diminish its contribution to economic development and often adversely affect the development of the technological capabilities of the developing countries' the UNCTAD said.

The trans-national firms are able to dictate the prices, terms and conditions and exercise considerable control over the form of transfer, the degree of packaging manpower and other inputs. The report states that the poor countries used up $ 1500 million for their foreign exchange in 1968 and $ 9000 million in 1970.

The conditions of toiling people in India.

It will not be out of place if we deal briefly about the conditions of the toiling millions in India.

Unemployment

According to 1971 census, there were about 550 million of people which rose to about 630 million by the end of 1978. As per 1971 census, urban working population were 32 million and rural working population 140 million. The % of working population to the total population was 42.96 % in 1961 and 32.93 % in 1971. The % of female workers to total female population was 11.86 %.

The non-working population in 1971 was : urban—77 million, rural—290 million.

The declared data of the Employment Exchanges for registered unemployed stood at 12.33 million in October, 1978. The national Sample Survey (27th round) during October '72—September '73 estimated that the casual wage workers, intermittantly unemployed and seeking work or available for work, numbered 32.65 million and persons with no work but seeking work or available for work numbered 14 million.

However, the official data and statistics do not reveal the far more serious unemployment situation in the urban and particularly in the rural sector.

Stagnancy in employment potential

Between 1973 and 1977, the organised private sector, dominated by the Indian monopolists and multinationals, increased the employment of the workers only by 18,000. The mountain of profit yeilded almost nothing by way of extra-jobs.

The following statistics will reveal the stagnacy in employment potential in organised private sector :

Number of workers in million

1973	1974	1975	1976	1977
6.85	6.79	6.80	6.84	6.866

Spiralling prices of essential commodities

It is estimated that the real value of a rupee has come down to 25% compared to its value in 1960 in relation to commodity prices The computation of commodity prices, as decided in 1960, itself is defective.

The following reveals the spiralling prices of the essential commodities :—

Consumer Price Index Nos. for urban non-manual employees :

1961-74 (with 1960 = 100 as base)

1961	1966	1971	1972	1973	1974
103	*142*	*178*	*189*	*212*	*259*

Consumer Price Index Nos. for agricultural labourers :
1966-75 (with 1960 = 100 as base)

1966-67	1968-69	1969-70	1970-71
190	*185*	*193*	*192*

1971-72	1972-73	1973-74	1974-75
200	*225*	*283*	*368*

Taxation

Almost Rs. 8,000 billions have been paid by the people to the Governments, Central and States, from 1972 to 1979 by way of taxes. It was Rs 495.5 billion in 1970-71, Rs. 1,370 billion in 1977-78 and Rs. 1500 billion in 1978-79. Almost the entire burden of these taxes has been shifted to the toiling people of the country.

Wages

15th Labour Conference made recommendations for minimum living wage. The Conference considered 4-member family unit inclusive of 2 children and recommended that the required

quantity of food cereals should be 35.70 kg, eggs 2.53 kg., pulses 7.56 kg., fish and meat 7.59 kg. etc. per month for supply of normal human calorie needed for mere survival. After calculation, on the basis of prices of these and other commodities between July-Sept. 1976, when the Consumer Price Index was at 289 pts. (1960=100 as base) the minimum wage of a worker works out to be Rs 634.61 per month. The same is more at present due to further increase of the prices of the essential commodities.

The existing wage pattern of the workers in organised sector (textile, jute, cement, iron, steel, engineering, sugar, coal, bank, insurance, central government employees etc.) shows that on an average, a worker gets a wage of Rs. 13 (approx) per day i. e. Rs 390 per month. The average daily wage of a worker in rural sector on all India basis works out to be Rs. 6 (approx) per day which is calculated on the basis of officially declared data.

The National Sample Survey, 1975 states, "One Indian in every five is a severe destitute, one in every three is a destitute and nearly half of the population of the country is below poverty line. In rural India, nearly 200 million people would spend less than Re. 0.93 per day on basic necessities."

However, on an average, a top executive, as per available data in jute, sugar, cement and steel industries, gets Rs. 90,000 (approx) per annum i.e. Rs. 250 (approx) per day as salary. In addition, he gets, Rs. 45,000 per annum as commission and Rs. 30 000 per annum as perks.

Mr. Bhoothalingam, the Chairman of Board of Directors of Glaxo Laboratories, having 74% equity holdings in U. K., was appointed to preside over a committee by the Government of India to decide about the national wage policy of the Government in respect of workers. Bhoothalingam Committee made recommendations for Rs. 100 per month as minimum wage for workers to be raised to Rs. 150 per month within next 7 years !

Multinationals in Drugs & Pharmaceutical Industry in India.

The Drugs & Pharmaceutical Industry in India comprises of 116 manufacturing units in organised sector (registered with Lirectorate General of Technical Development—DGTD) and more than 2500 units are reported to be in existence in small scale sector Out of these, 2000 units operate only as tiny tablet or tincture makers and have no effect on the overall economics of the drugs and pharmaceuticals

The organised sector shares around 80% of the market, whereas sma l scale sector shares 20%.

About 1.1% of the total turnover was spent for research and development in 1973. The estimated expenses for research and development in the developed countries is about 12%—15% of the turnover.

There has been steady growth of production in the industry :-

Rupees in crores

1948	1958	1968	1978
10	*58*	*200*	*800*

At the end of sixth five-year-plan in 1982-83, the planned target of production has been estimated to be Rs. 1900 crores.

Pattern of production of the domineering units in private sector, which consists predominantly of multinationals, indicates that the primary objective of these companies is trade based, almost entirely of the high profit earning formulation market.

Half of the market is being shared by 25 companies having majority foreign equity or wholly multinational. They contributed only 12% of the total bulk drug production. Even the efforts in bulk drug production were limited only to low-tonnage and high rupee-value bulk drugs.

In small scale sector, 9 multinationals shared 24% of the remaining 20% of the total market.

The public sector contributed 30% value of the total bulk drug production but shared the formulation market only to the extent of 6.6%.

Committee on Drugs and Pharmaceutical Industry

Government of India constituted a Committee on the drugs and pharmaceuticals industry with Sri Jaishukhlal Hathi as its Chairman in February, 1974. The Committee is popularly know as Hathi Committee. The Committee submitted its report in April, 1975. Earlier, the Government of India set up the Pharmaceutical Enquiry Committee in 1953.

The Hathi Committee reports, "shortly after India become independent, most of the leading multinational drug companies established themselves as trading concerns. Their intial investments were insignificant compared to their turnover They started by importing the finished drug formulations and marketing them. Subsequently, they imported the formulations in bulk and got them repacked in this country. As a next stage, they imported the formulation in bulk drugs and got them processed into formulations on a 'job-work' basis by Indian companies. All these activities were carried on without inviting (in factories or employing technical personnel. Thus, foreign companies could remit substantial profits and build up large reserves and assets within the country for subsequent use or investment.

"Between 1952 and 1965 and even upto 1968, well-known Multinational units and a few Indian units operating in this country received a big impetus to boost their turnover in the shape of 'Permission Letters'. 364 items were permitted to be manufactured by 15 leading units. 4 of these items were bulk drugs and the remaining 360 terms were formulations, many of which could have been easily manufatured by the Indian sector. These formulations included house-hold remedies, many of which did not require a doctor's prescription, such as formulations containing vitamins and minerals, cough mixtures, ring worm ointments, health salts, 'gripe mixtures', laxative tablets, eye drops, malted tonics, digestive tablets, ointments for burns and piles, tonics containing calcium, alcohol-based tonics, etc.

"After 1970, as per the policy decision of the Government for 'carrying on business' licences (C.O.B.) 12 foreign companies and 5 Indian companies obtained COB licences for 215 formulations and 20 bulk drugs. Some of the tonics and house-hold remedies which command a wide sale and which were marketed as a result of COB. licences, are : Santevini, Vidaylin, Surbex, Becadex, Trox, etc. 'Valium' and 'Librium', the two largest selling tranquillizers in the world, marketed by Roche were also included in the COB licences."

The Hathi Committee report states further :

"Multinational companies had an extremely favourable climate in this country when they commenced operations. They managed for a good length of time with a meagre capital investment, pushed up the sales of their products, remitted profits to their principals abroad and built up substantial reserves. Government's policy permitted payment of royalty even on drug formulations. Whatever basic drugs they manufactured were mostly utilised for captive consumption. High prices were maintained for their drugs for several years. Added to this, money-spinning tonics and house-hold remedies which they could market on the basis of 'Permission Letters' and 'COB Licences' swelled their profits. By the time Indian companies, particularly those in the western region, braced themselves up to the situation and introduced competitive products. The sales promotion machinery of foreign companies was streamlined and perfected. High pressure sales techniques coupled with distribution of medical samples on a liberal scale to the medical profession was their forte. Attractively got-up medical literature and international brand names of drugs appearing in advertisements in foreign medical journals with which top consultants in the medical profession were acquainted, played their part in popularising the drugs of foreign companies. Large sums of money were spent by foreign companies in systemetically training their 'medical detailers' and the general tone of detailing resorted to by them was that their products contained 'something plus' over products with identical composition marketed by Indian units and that edge in their quality was the outcome of their superior expertise and international standing.

"The total outflow of foreign exchange towards payment of royalty, technical fees and dividends during 1969 to 1973 is about Rs. 26 crores. This figure does not reflect the additional foreign exchange remittance that is implicit in purchases of bulk drugs, intermediates etc. by foreign companies in India at prices dictated by their foreign principals. These prices bear no relation to either the cost of manufacture of the final products or international prices. Likewise, exports, a substantial portion of which is made by foreign companies in India to their principals abroad, are often made at prices which are not quite favourable to the country. An interesting feature about remittances made by foreign companies to their principals is that even today remittances towards 'Head Office' expenses have to be permitted because of the operation of trading companies with 100% foreign interests.

"We had mentioned earlier that foreign companies built up their financial sinews and achieved the present dominant position mainly through sale of formulations which were allowed to be manufactured by them through the issue of 'Permission Letters' and 'COB Licences' which continued up to 1968. The legal backing for 'Permission Letters' under the Industries (Development & Regulations) Act, and the manner in which 'COB Licences' were secured by foreign companies were examined by this Committee through a specially constituted sub-committee. The latter discussed with the officials in the Ministries connected with the processing and issue of 'Permission Letters' and 'COB Licences' and also obtained clarifications from the Secretaries of the Ministry of Petroleum and Chemicals, the Director General of Technical Development and the Ministry of Industrial Development. The Committee's view is that 'Permission Letters' do not have any legal backing in terms of the provisions of the Industries (Development and Regulations) Act. Likewise, most of the companies which were granted 'COB Licences' did not inform the Directorate General of Technical Development of the particulars of their diversification activities, 'including their revised manufacturing programmes and the new articles proposed to be manufactured and the value of the minor balancing plant, if any, added by them' as required by

Government's Press Note of October 27, 1966 The authorities concerned did not verify whether effective steps had been taken by the companies for the items covered by their COB applications. 'Permission Letters' and 'COB Licences' have given undue advantage to foreign companies to the detriment of the Indian sector.

"In regard to Patent provisions relating to drugs, the Committee was keen on ascertaining the impact of the Patent Act on the drug industry. Quite a number of the principals of multinational units operating in the country, we were informed, asserted their patent rights over life saving or essential drugs such as Chloramphenicol, Tolbutamide, Oxytetracycline, Metronidazole etc. and proceeded legally against Indian and other concerns which tried to import the bulk drugs and process them into formulations. The Patent Act was amended in 1970 with the specific object of helping the Indian sector of the drug industry. The Committee was glad to know that young scientists in the country have now bestirred themselves and started producing bulk drugs. However, all applications for drug patents remain 'frozen' in this country from 1963. This has created certain anomalies in the implementation of the 1970 Act according to which a 'Licence of right' can be given only after three years of the sealing of patents. This means that unless a patent is sealed, no 'Licence of right' can be given. The task of examining the 'frozen' patent applications and sealing the patents covered by them, it is understood, would take a long time. In the matter of imports of drugs, indigenous manufacturers had represented to us that bulk drugs, which are available from overseas countries at competitive prices, cannot, in many cases, be imported because of the anomaly that obtain in this country in regard to drug patents.

"In regard to Research, barring a few, other multinational companies have been taking the line that basic innovational research for 'new drugs' involving co-ordination between multi-disciplinary teams of scientific workers requires giant outlays and top-grade research scientists. According to them, research should

be concentrated in the parent organisation functioning abroad rather than be dissipated in many countries. Eight Indian institutions, including the public sector companies and the National Laboratories, maintain fairly well-organised research facilities and specialize in different classes of drugs. Six Indian firms can also be considered to have made reasonable efforts towards developing basic research activities."

Hathi Committee, while recommending for complete take over of all multinational drug companies by a majority decision, justifies such step giving the followings views :

"In India, inspite of the efforts to plan socio-economic growth, the drugs and pharmaceuticals industry, like several others, operates on the principles of free market economics. The Drugs industry is dominated by the foreign units which set the pattern in this industry. The drug needs of any country are characteristic of the climatic conditions, social behaviour and economic conditions in each society. The foreign units which evolve their policies for the rich countries in temperate climates, with radically different socio-economic conditions, operating in free market systems, promote the same systems in India, which are adversely detrimental to our national interests. Even in the Western European and North American countries it is widely realised that the drug firms exploit the socio-psychological factors to reap high profits. It is said that the firms have reduced life to a disease to be cured in those countries by their sales propagation techniques.

"The experience of the last one quarter of a century in India in the operation of the multinational drug units reinforces these fears. This has been confirmed by the studies conducted by various international agencies also.

"Throughout the world, foreign firms are given facilities to operate with the hope that capital flow and technological development are facilitated. In our country, however, the flow of capital through the foreign units is almost nil and the accumulation of assets, through their trade operations in this country, is very rapid as can be seen from the data provided elsewhere in this report.

"The claim that flow of technology from parent foreign firms on a continuing basis is ensured because of foreign equity holding is not valid. Firstly, such flow is usually restricted only to the technology available with the overseas parent companies and not from other competitive overseas venders of technology even if they may be cheaper. Other points to remember in this connection are (1) introduction of technology of basic drugs newly into the Indian subsidy does not occur free, since for most such introductions, additional payments have nevertheless to be made, notwithstanding equity interests, and (2) the overseas firms choose to permit flow of such technology to India as it will serve the interest of the parent firms. Rarely new and novel technology is permitted to flow either free or even on payment. Most technologies that flow from parent foreign firms into their Indian subsidies or partners are in fact well established all over the world for the last 15-20 years and could as well have been imported into the country without taking recourse to equity participation.

"Fears that technology flow will dry up if foreign equity is discouraged or stopped, is also exaggerated. Countries in which the drug industry is state-owned, have not suffered on this account. They have either bought such drug technologies as they need or have been able to develop them on their own.

"If needed technology flow becomes difficult due to take over of the drug industry, it may be a boon in disguise as it will spur greater national effort in these directions and develop self reliance —a goal to which our country is committed. Success of the development of self reliance by our scientists and technologists in the atomic energy and defence field (where possibilities of import of production technology are limited) shows that even if overseas technology flow for drugs were to dry up, the country, with its strong scientific and technological capacity, will not be stranded. Indeed such an eventuality is also remote since, unlike the atomic energy and defence areas drug technology from overseas is not as restricted or difficult.

"It is contended that the anti-social role of multinationals can be contained by laws of the land and the powers that are available with the Government. Whereas this is so, the real point at issue before the committee is the manner in which such government powers have been used in the past so as to curb the activities of these companies which are not in the national interest. The Committee's findings in this regard, discussed in the various chapters of this report, indicate that progress in these directions has been very slow. If this process of change is to continue at the existing rate, it is doubtful if the desired objective of a truely social benefit oriented drug industry will develop in the near future. A quantum change has, therefore, to take place in the rate of change if the desired goals are to be achieved quickly enough.

'The contention that technology flow through equity participation by multinationals in the drug field is the most effective and economical because of its higher rate of obsolescence, will have to be supported by cogent facts and will also have to be examined in the context of alternative methods of technology flow not involving equity participation. As of now no such study is available. The assertion that equity participation in several cases would be the only way by which technology flow can be ensured, may be valid only for a very few cases. In these cases we may import such drugs but we should at the same time launch a crash programme of R & D to develop self reliance for such drugs. The impediment to development of domestic technology, due to patents in the drug field, have also now been largely removed. There is little doubt that Indian scientists and technologists will develop all such technology if a concerted effort is made and if subsequent use of technology use is assured.

"The drain of foreign exchange by way of remission of profits by multinationals has to be viewed in the context of their import bill for drugs and intermediates in relation to their own export of drugs and not in terms of their total sale inclusive of formulations It is well known that the value added in formulations is upwards of three times that of bulk drugs. Any comparison of the foreign remittances with the country's total exports is not

relevant to the issue of social and economic costs resulting from equity participation by multinational drug companies.

"Another social cost which cannot be quantified when foreign multinationals hold dominant equity (i.e. their equity holdings are more than the largest single holding by Indian individuals or institutions), is in the matter of self sustaining growth based largely on domestic R & D carried out either in the company itself or that which is available from other laboratories in India. It is well known that the management and staff of companies with dominant multinational foreign equity holdings tend only to look overseas for most of their technological needs and often even for resolving their day-to-day plant problems. Even where the R & D staff in such companies propose to develop technology of their own, such initiatives are usually discouraged by their foreign collaborators and their Indian partners usually on the ground that such efforts are futile in view of the possibilities of access of information from parent foreign companies. In such situation, there is little incentive for such companies to become self reliant for their R & D needs. These social costs which are non-quantifiable, are indeed very serious. since they make our industry permanantly dependent on overseas expertise and technology.

"It is glaringly obvious that the multinational units are not interested in producing bulk drugs in countries like India. In Europe and U.S.A., the multinational units produce bulk drugs in a spirit of collaborative relationship. In the developing countries, such production is avoided by them and where this is done, the host country pays dearly for such drugs.

"The multinational units operating in India produce only a small fraction of bulk drugs. The main thrust of multinationl units continues to be towards capitalising on drug formulations and non-drug items like cosmetics and luxury goods where technology and capital inputs are much lower and which permits promotion of aggressive salesmanship and brings in much higher returns on investments. The Permission Letters and C.O.B. Licences have further helped these units to build enormous assets, which are

completely out of proportion of their investments. Besides, they have repatriated over the years large sums of money in the form of profits.

"The selective attitudes of multinationals even in the field of Research and Developments are dictated almost entirely by their philosophy of global trade. Indeed, their entire philosophy of building monopolies which lead inevitably to high prices and excessive profits is completely incompatible with socio-economic needs of the country. Their capacity to manipulate is recognised throughout the world and mere regulatory measures cannot curb these activities.

"We are convinced that their continued presence in this country is a powerful damper on the challange of our achieving the technological goals of self sufficiency and self reliance.

"Basic drugs are produced in the Indian sector, including the public sector, to the extent of about 90% in tonnage terms, and this demonstrates effectively the competance that has already been achieved in indigenous technical skills.

"Continued presence in this country of the highly profit motivated multinational sector can but promote only the business interests of this sector. Their presence in India, as a part of their global effort to capitalise on human suffering is an organised manner, must therefore cease as early as possible.

"We, therefore, strongly recommend that the multinational units in the field of drugs and pharmaceuticals should be taken over by Govt. and managed by the proposed National Drug Authority. Such take over will not create any dislocation in production or distribution of drugs. Overwhelming majority of the technological and managerial personnel in these units are Indians. We are convinced that with appropriate governmental support, they will carry on their respective functions with greater enthusiasm in reaching the goals set by the nation. Should there be any technical difficulty for such take over, suitable legislative measures may be approved by the Parliament to remove it."

Hathi Committee made several other recommendations. The following are some of these recommendations in respect of multinationals :

1. The Committee recommended by a majority view that the multinational firms should be taken over forthwith.

2. The Committee suggests that the potentiality of foreign companies to exploit their names and smother the development of Indian sector of the industry should be blunted and more purposeful and positive policy to help the Indian sector should be simultaneously be implemented.

3 The Committee recommends that having regard to the present stage of development of the drug industry for the purpose of FERA guidelines, this industry should not be eligible for the preferential treatment given to the items specified in Appendix-I of the Industrial Licensing Policy of 1973. Foreign undertakings operating in this country should be directed to bring down their equity to 40% forthwith and further reduce it progressively to 26%. This however, is without prejudice to other concessions to which they are eligible as a result of the industry being in Appendix-I of the Industrial Licensing Policy of 1973. The committee would further recommend that dilution of foreign equity should not take the form of dispersed holdings of the shares by large number of Indian nationals. It would be desirable for Govt. to purchase these shares either by public sector undertakings which are directly or indirectly connected with the manufacture of drugs/chemicals, or by public financial institutions or by Govt. itself.

4. Where foreign undertakings are producing in India drug formulations using imported bulk drugs, they should start and complete manufacture from the basic stage within a period of three years; failing which, they should

not be allowed to continue marketing the formulations after the said period. If, however; the manufacture of such bulk drugs have been assigned to the public sector units, their manufacture should be taken up by the public sector. All research talents available in the academic institutions and the national laboratories should be mobilised and work on the production of bulk drugs on a time bound-programme should be undertaken. If for some reason, the public sector undertakings are not in a position to take up the manufacture of bulk drugs, the Indian sector of the industry should be offered the second choice, who, in turn, should take up this work on a time-bound-programme.

5. Foreign companies which are already engaged in the manufacture of household remedies, such as alcohol-based tonics, vitamin preparations etc., should not be granted any expansion in capacities, nor should they be allowed to take up such activities as additional items beyond the capacity mentioned in the Industrial Licence on application for registration.

6. The Committee suggests that penal actions should be taken against branches of foreign companies or 100 % foreign equity holding units, manufacturing drugs without government authority (Vaild licence).

7. The Committee suggests that the N. D. A. should review the norms for payments of research contributions, technical know-how fees etc. by foreign companies.

8 The small scale sector should be a prohibited area for foreign companies.

Government's decision on Hathi Committee Report

Though Hathi Committee report was submitted in April, 1975 no action was taken by the Government to immediately implement these recommendations. In June, 1975 internal emergency in the country was clamped. The Hathi Committee report was

Growth of Assets and Remittances of important units having foreign

(Rupees in Lakhs)

Sl. No.	Name of the firm	Original Equity	Present total paid-up capital of Indian Subsidy	Paid-up capital held by foreign share holders	Reserves	1969-70
1	2	3	4	5	6	7
1.	Alkali & Chemical Corpn. of India	35.34	534.00	328.00	298.00	33.74
2.	Beechem Ltd.	1.00	6.00	6.00	1.00	6.07
3.	Glaxo Laboratories Ltd.	1.50	720.00	540.00	758.00	104.75
4.	May & Baker Ltd.	...	—	...	—	50.00
5.	Reckitt & Colman of India Ltd.	30.00	250.00	175.00	144.00	15.63
6.	Richardson Hindustan Ltd.	0.02	70.00	38.50	93.00	2.75
7.	Wyeth Laboratories Ltd.	33.30	75.00	55.50	63.00	6.28
8.	Indian Schering Ltd.	0.835	6.00	5.32	81.00	1.33
9.	Nicholas of India	—	...	...	...	4.70
10.	John Wyeth Bros.	...	...	...	—	Nil
11.	Suhrid Geigy Ltd.	7.20	260.00	123.50	262.00	32.66
12.	Synbiotics Ltd.	60.00	75.00	36.00	99.00	7.92
13.	U. S. Vitamins & Pharma. Ltd.	—	...	...	—	1.60
14.	Whiffens (India) Ltd.	...	...	...	...	0.75
15.	Mc Gaw Ravindra Labs Ltd.	...	—	...	...	1.75
16.	Capsulation Service Ltd.	—	...	...	...	...
						1969
17.	Anglo-French Drug Co.	0.10	0.10	0.08	49.00	2.57
18.	Bayer (I) Ltd.	4.00	300.00	172.345	368.00	Nil
19.	Boehringer Knoll	15.00	60.00	28.80	54.00	2.66
20.	Boots Co. Ltd.	10.00	77.50	45.00	126.00	5.94
21.	Burroughs Wellcome & Co.	5.00	50.00	50.00	103.00	7.55
22.	Ciba of India Ltd.	3.00	487.50	316.87	403.00	19.94
23.	Cynamid (I) Ltd.	1.502	70.146	45.595	485.00	24.10

CONTINUI

1		8	9	10	11
24.	Johns	5.10	5.10	10.38	7.02
25.	Merc	21.20	21.20	16.85	10.85
26.	Parke	67.31	16.51	26.25	22.75
27.	Pfizer	63.13	68.28	68.21	68.23
28.	Roch	26.20	16.87	29.10	16 53
29.	Sando	11.08	9.27	8.90	9.90
30.	Searle	...	—	...	—
31.	Abbot	22.65	22.65	14.86	14.86
32.	C. E.	—	...	1.52	0.75
33.	Denta	0.15	0.44	0.29	...
34.	E. Me	1.19	0 97	1.73	2.19
35.	Griffo	2.28	2.85	0.02	...
36.	Rouss	...	...	...	...
37.	Dupha	1.66	2.40	2.28	0.39
38.	Geoffr	7.34	8.15	8.82	8.82
39.	Hoech	Nil	8.78	20.75	21.19
40.	Martir	...	...	...	...
41.	Organc	0.50	N.A.	0.97	3.81
42.	Uni-Sa	...	...	—	...
43.	Wande	0.60	2.07	2.41	0.94
44.	Warne	3.15	3.15	6.96	9.87
45.	Smith	22.23	27.26	13.57	18.01
46.	Biologi	0.47	0.66	0.37	0.37
47.	Germa	1.30	1.41	2.31	2.45
48.	Rallis	6.22	6.22	8.08	8.03

Sl. No.	Excess Production in 1973
1.	3.74 tonnes
	80.30 kgs.
	4.112 tonnes
	127.42 kgs.
	6.95 tonnes (1972)
	47.45 kgs.
	9.77 kgs.
2.	6911.50 kgs.
	1430.00 kgs.
	86.00 kgs.
	668.00 kgs. (1972)
	102.00 kgs.
3.	181.25 kgs. (1972)
	8.04 MMU
4.	7.21 tonnes
	22.54 tonnes
5.	25.07 tonnes
6.	17.50 kgs.
7.	5.73 tonnes
8.	17.25 tonnes (1972)
	12.00 kgs.
	966.00 kgs.
	125.25 kgs. (1971)
9.	33.60 kgs.
10.	5.32 tonnes
	250.00 kgs. (1972)
11.	6.90 kgs.
12.	20.54 tonnes
13.	0.70 tonnes (1972)
14.	0.40 tonnes (1971)
15.	53.00 tonnes

hrown to the cold storage. The multinationals had a hay-day. 'hey put up big sign boards every where in the factory and office remises ordering the workers to be "disciplined" to increase 'productivity" and to work labouriously for the interests of their mployers. In March, 1977 the authoratarian regime was lefeated. The new Government took one year further to declare ts drug policy based on the Hathi Committee report which was announced on the floor of the Parliament on 29th March, 1978. Though the new drug policy repeatedly referred to Hathi Committee but the main contents of the Hathi Committee report were ignored in the new drug policy statement.

During 1976-77 the public sector contributed 48 crores of bulk drugs which is 33% of the total bulk drug production in the industry and contributed 47 crores in formulations being 7% of the total market share where as multinationals were controlling 41.7% of the total formulation market.

Out of 45 multinational drug companies 14 companies were holding 74% of foreign equity; 11 companies were having between 51 to 74% and 13 companies 40 to 51% of foreign equity in organised sector. 7 more multinational companies, in other than organised sector, were the branches of the foreign companies or were holding more than 40% foreign equity. The breakup of these multinational companies countrywise are as follows :

U. S. A.—18, U. K.—13, Switzerland—6. Federal Republic of Germany—4, Others—4

The above statement does not include the multinational companies having foreign equity less than 40%.

The new drug policy completely rejected the recommendation of the Hathi Committee for immediate takeover of the multinational drug companies. The Government was guided by the opinion that technological collaborations with the multinationals are required for the production of drugs & pharmaceuticals in

our country. The multinationals should be given concessions for their technological collaborations. The drug policy statement declares that the multinationals engaged in the manufacture of formulations or bulk drugs or both involving "high technology" would be allowed to maintain the existing foreign equity and they need not dilute their foreign equity. The criteria of "high technology" has been left to the decision of a committee consisting of the bureaucrats. The Government's contention is to ask the multinationals to maintain a ratio of 1 : 5 for the production of bulk drugs to formulations.

In respect of large profits by foreign companies the Government decided to setup another committee (!) to investigate and suggest measures to regulate their profits. In other words it means that the entire question of large profits by the multinationals has been shelved.

The Government also decided to regularise the production by the multinationls in excess to their licensed capacity. The Government would accept highest production actually achieved in any year during 3 year period ending March 31, 1977 for the purpose of regularising these productions and giving fresh licenses.

Campaign of Multinationals

The multinationls in drugs & Pharmaceuticals Industry in India are under severe criticism for exploiting the people of this country. In fact, the multinational drug companies are being criticised all over the world.

To counter this, the multinational drug companies concertedly and systematically launched campaigns for more concessions and giving veiled threats to stop production of essential drugs, if required Organisation of Pharmaceutical Producers of India (OPPI),a powerful organisation of multinationals in this industry, have been continuously misleading the people by distorting the facts through various publications. As against this, there

is no organised campaign by the workers and the people of this country to expose the misdeeds of the multinationals.

Sisir Mitra, the Managing Director of the Indian Subsidiary of the American Cyanamid and the President of OPPI, claims, "the Pharmaceutical Industry in India has an excellent record of producing and distributing medicines of the highest standard of quality and safety." He states, "the number and variety of restrictions and impediments on the industry, now compounded by the new drug policy make the task of the drug units wanting to and having the capacity to expand exceedingly difficult." And, therefore, he suggests, "the removal of these constraints would free the industry from its present crutches and result in a substantial increase in production of bulk drugs and formulations so badly needed in the country." He claims that the drug prices in India are among the lowest in the world. He therefore, demands, "a stable and fairly longterm pricing policy for both bulk drugs and formulations is basic to the success of any programme designed to encourage maximum production". He gives veiled threat by stating, "unless such a policy assures a fair return to the industry over a reasonable period, it can not be expected to undertake a capital-intensive activity as basic manufactures or the equally important and expensive task of expanding production of formulations."

He recommends for continued dominance of multinationals in this industry and states, "closely related to research and development is the technology and international collaboration. The Pharmaceutical industry, more than any other industry, is international in character and operation because disease knows no national boundaries, and the search for new knowledge and new agents to combat disease and relieve human sufferings are truly international in scope and coverage If it were not for the advanced international organisation of the pharmaceutical industry, modern therapeutics would have been poorer."

Mr. Sisir Mitra is of the opinion that the criticism about the high prices of medicines etc. are based on only two reasons "Psychological" and "Emotional."

True character of multinational drug firms.

The reports, enquiries and the facts relating to the activitie of multinationals all over the world including India reveal th true character of these multinational drug firms, which th President of OPPI almost characterises as Philanthropic Organi sations. The claim of drug prices in India as the lowest in th world and the comment that the criticism about the high price of drugs and pharmaceuticals is based on psychological an emotional reactions are not tenable as the facts reveal :

The following are top ten international drug companies i the world as estimated in 1974.

Company	Country	Turnover in millions (Rs.)
1. *Hoffman-la-Roche*	*Swiss*	*10,008*
2. *Hoechst*	*Germam*	*9,900*
3. *Ciba-Geigy*	*Swiss*	*8,766*
4. *American Home Products*	*U. S. A.*	*8,550*
5. *Merck & Co.*	*U. S. A.*	*8,010*
6. *Sandoz*	*Swiss*	*7,272*
7. *Bayer*	*German*	*6,750*
8. *Warner Lambert*	*U. S. A.*	*6,075*
9. *Eli Lilly*	*U. S. A.*	*5,706*
10. *Pfizer*	*U. S. A.*	*5,175*

Cheaper and Quality Drugs by the Multinationals Indeed !

A report in 1973 states about the rigging of prices of Aureomycin, Terramycin, Tetracycline and Chloromycetin by U. S. firms in respect of imports in India made against U. S. AID financing. The imports were made since 1953. But no effective step has yet been taken for recovering this amount.

The American Drug Industry was accused of fleecing through high powered and expensive advertising aimed at selling drugs 30 times of their cost. Senator Nelson released a list of 40 drugs manufactured by these firms grossly overpricing their brand names. These include Squibb, Schering, Smith Kline & French, Park-Davis, Merck, Abbott, Searle, Wyeth, Carter-Wallace, Roche, Warner Chilcott, Burroughs-Wellcome, Lederle etc. Senator Nelson told the Senate that it was cheaper to buy a drug in its generic name than its brand name. Doctor Henry Simmons the ex-Director of F. D. A. states : "there is no significant difference between generic and brand name antibiotics." Many of the high priced brand name drugs manufactured by the companies have been exploiting the people by outrageously high prices of drugs. He gave examples of Schering, selling chlor-trimatone, an anti-historionic at $ 21.66 for 1000 tabs of 4 mg. each. The same medicine with same composition was available under the generic name for $ 1.05 per 1000 tab. Peritab sold by Warner Chilcott for heart patients for $ 36.00 per 1000 tabs which was available under generic name $ 1.75. Miltown by Carter Wallace for $ 61.20 for 1000 tabs and Equanil by John Wyeth for $ 68.21 for 1000 tabs. which was available under generic name for $ 4.95. Ciba selling Serpasil for $ 39.40 and the same company offered the same quantity of the same drug under its generic name for 60 cents to U.S. Department of Defence. Benadryl capsule of Parke Davis sold for $ 15.63 per 1000 caps whereas the same product under generic name of the same company was available in market for $ 3.00 per 1000 caps. Roche, which would make Valium in its raw form at $ 877.00 per kg. and in the final dosage form at $ 487.00/

kg. But the Roche's selling price of final dosage form in Canada was $ 11,000 per kg.

A British Government order for drastic cuts in the prices of two widely-sold tranquilisers is threatening to produce a crisis in the international drug industry. Various other Governments are now inquiring into the prices charged in their own countries and the European Common Market Commission has set machinery in motion to see whether legal action could be justified. The Company, Swiss Hoffmann-La Roche is fighting the British Government decision with an appeal to the House of Lords. And in doing so it has produced list of 20 drug manufactured or sold by other firms in Britain at allegedly higher profit margins than the two Roche tanquillisers-Librium and valium. Roche seems determined that if it is to be penalised, other pharmaceutical companies must also suffer the consequences. It does not deny making high profits on Librium and Valium, which are taken by about one million people in Britain, but says this is necessary to offset the overheads and sometimes even the losses on other drugs. Unconvinced, the British Government has ordered the prices of Librium and Valium to be cut by more than half. It has also demanded that past excessive profits on the drugs should be refunded to the British National Health Service, which spends about 8 million sterling a year on them. Other governments has also now begun to display concern about the prices charged by Roche. The Australian and Swedish Government have called for talks with Roche on the prices of Librium and Valium. The West German Federal Cortel office has begun an inquiry. The EEC Committee has set in motion machinery to see if Roche is infringing the free competition provisions of the Treaty of Rome.

Roche in turn has threatened to take the British Government to EEC court of justice in Luxemburg for using its position as a monopoly buyer to impose price cuts on Roche tranquilisers. What actions have been taken by the Government of India like other Governments to recover the costs is yet to be seen.

UNCTAD in a report in 1975 said that, while the huge expenditure by trasnational drug manufactures on marketing and on research and development was also borne by poor consumers, it contiibuted little to "the real health needs of the vast majority of the developing world."

In 1975 Dr. Hafdon Mahler, Directors General of W. H. O. made a serious charge, "Drugs not authorised for sale in the country of originor withdrawn from the market for reasons of safety or lack of efficiency—are sometimes exported and marketed in developing countries." The third world is being increasingly used as testing ground for new drugs developed by the multinationals.

"The multinationals use the doctors to manupulate the national health policy. The drug companies seem not only to accept wide-spread self medication in the poorer countries as unavoidable but also to encourage the habit." (The statesman, September, 1976.)

In an article, "Drugging The Third World" published in 'India Today', April 16-3 , 1979 issue, revealed the U. S. Government's candid support to U. S. based multinational drug companies to exploit the developing countries. We give below the extracts from the article :

"The US government is quietly putting its finishing touches on a new policy on the export of drugs that, according to knowledgeable sources within the Food and Drug Administration (FDA) will pave the way for US based drug multinationals to make killing—literally and figuratively—in third world markets.

"The new policy will allow American companies to export drugs that have not been proven safe or effective and banned for use in the U. S.

"Ralph Nader concluded that 77 per cent of all drugs approved by FDA during a recent 30 month period were ineffective or offered little or no advance over existing products."

"Consumers are captives of the drug industry as in no other commercial venture, and physicians are forced to play the role of purchasing agents for consumers. And doctors often prescribe in darkness, partly because medical schools do not provide adequate pharmacological training and partly because they succumb to high pressure sales tactics of drug sales representatives.

"According to a detailed study made by Consumers' Union drug multinationals brutally exploit Third World markets through false advertising, influence paddling, and misrepresenting the therapeutic value of drugs whose uses have been severely curtailed or limited in the U.S."

"The ubiquitous drug company salesman is perhaps the most deadly weapon in the multinationals' promotion arsenal Like the snake oil salesman of yore, he peddles his colourfully packaged wares directly to physicians expounding by rote on their therapeutic benefit. And as Senator Ted Kennedy has noted, doctors often fall prey to freebies such as cars and TV sets offered by salesman as an 'incentive' to use their products. In the US there is one salesman for 1,000 doctors. In Mexico there is one salesman for three doctors."

"Dr. Sanjay Lall of the Institute of Economics and Statistics Oxford University, said in a United Nations-sponsored study that in India, for example, drug companies are marketing more than 15,000 drugs when about only 100 are essential."

"Dr Ernest Bueding, professor of Johns Hopkins Medica School said : 'Developing countries are under great pressure b the pharmaceutical industry to purchase numerous ineffective c dangerous drugs. They can least afford them."

"Says Anita Johnson, a former Ralph Nader aide : The countries have the smallest amount of money to spend on medic care. They are the very countries that should not be spendi money on drugs that lack proof of effectiveness. Let us n pretend we are doing developing countries a favour by marketi American-manufactured brand name drugs when low-cost gene

drugs manufactured overseas would be much cheaper for them."

"Johns Hopkin's Dr. Bueding says that the new export policy would create a 'more permissive atmosphere for drug company profits because for the first time multinationals will be able to push the US AID into financing purchase of the banned US drugs by Third World nations. Currently, AID can only finance purchases by developing countries of approved drugs being exported directly by the USA. And Bueding has made a special appeal to UN Ambassador Andrew Young to dissuade the Carter Administration's course of action in the name of human rights.

"The US multinationals export more than $ 2 billion (Rs. 1,600 crore) worth of medicines a year, and their overseas sales of pharmaceuticals – nearly half their total sales—have been growing faster than domestic sales.

"Ruthless marketing techniques, and the unrelenting control of multinationals over bulk chemicals embodying the latest technology have guaranteed the companies windfall profits and a virtually impregnable market position. The effect of the dependence of developing countries on foreign drug technology, according to Dr. Lall, 'is that very little effective research is undertaken into local diseases,' which are not profit makers."

Quality drugs indeed !

'Onlooker', April, 1979 issue reports "pregnancy test drugs can deform babies." The drugs that are populary used for pregnancy tests are : Progynon Depot, Anovlar 21, Gynovlar 21, Estroprogyn, Estroid Forte, Lynoral, Menstrogen, Orasecron Forte, Norlestrin, Secrodyl, Premarin, Disecron, Disteron, Duogynon Forte, Duogynon Cral, and Amenorone.

These controversial drugs have already been either banned or withdrawn in at least six countries during the last nine years following reports that they can damage babies in pregnancy. Sweden was the first to ban them in 1970, followed by Finland ('71), USA and Singapore ('75), Belgium ('77) and the United Kingdom ('78).

The ban in Britain followed a fierce campaign in that country's Press about the dangers of the drugs early last year. Soon afterwards, the drug Duogynon was withdrawn from the Indian market by its manufacturer Schering. It was promptly replaced by the company with a similar drug called Cumorit. which was claimed to contain "a new therapeutic scheme." Schering informed the chemists at that time that its parental company, Schering AG, Berlin "maintain that the suspicions of malformations (in babies as a result of their mothers consuming Duogynon) are unfounded."

The Director General of Health Services, New Delhi in a letter dated 11.3.74 stated that the Food and Drugs Administration in U S. carried out studies on the effectiveness of more than 3,000 drugs and directed the withdrawal from the markets of 355 preparations most of which were from combinations.

Some of the preparation withdrawn in the U. S. A. are also marketed in India. These preparations were examined by Essential Drugs Committee constituted by Health Ministry, Government of India, who recommended that many combination drugs were considered irrational or not useful and should not be permitted to be marketed. However, many of the combinations are being sold in the market.

Council of Economic Priories, U. S. A. in its report entiled. "In whose hands" examined the effectiveness of the drugs of 16 major pharmaceutical manufacturers and have found them marketing a large number of ineffective drugs. There companies include Abbott, Borroughs-Wellcome. Ciba-Geigy, Roche, Merk, Pfizer, Schering, Searle, S. K. & F., Squibb, Warner Lambert.

A Federal Grand Jury in U S. A. have returned 60— count indictment against Abbott Laboratories which includes transshipment of intravenous drugs that were unsterile and dangerous to the Public health The indictment was announced in 1973. The drugs were found adulterated. The drug caused death of 50 from 412 patients.

At a hearing of the Senate health sub-Committee four former "detailmen"—that is representatives who call on doctors—testified that although part of their job was to inform physician of the possible hazards of their products, the overwhelming pressure was to sell. The president of one firm conceeded that there 'could' be some connection between the 'hard sell' of antibiotic and thousands of cases of death and disability from inappropriate prescribing of these powerful drugs for cold, influenza and other viral infections. The discussion arose after the committee chairman, Senator Edward Kennedy, read aloud from material given last winter to salesmen urging them to work harder to get doctors to prescribe antibiotics for cold and flu. The material said nothing of the side-effects that might stem from exposure to the drugs or to the fact that virus infections do not respond to antibiotic. Drawing on more than 20 years of scientific evidence showing that antibiotic have no effect whatever on viral infections, the Senate Health Committee has been probing the possible links between "irrational prescribing" of these medicines and 50,000 to 100,000 deaths a year traceable to emergence of drug-resistant bacteria which have developed because of the overuse of antibiotics. One company executive defended the doctors by saying that he did not "accept the proposition that a physician after all his years of training, with his dedication to his job, with his interest in his patient's welfare and with his professional reputation at stake, will have his judgement swayed and will use inappropriately a product simply because of a salesman's presentation—even if over-zealous on occasion."

But this was received with repeated expressions of scepticism by Senator Kennedy who has said that physicians are inadequetely educated about drugs in medical schools and become confused by the use of 20,000 brand names for 700 drug entities. Questioned too was the habit of some pharmaceutical companies to give prizes to physicians for big orders of injectible antibiotics. One company was accused of giving away refregirators. The promotion of medicines is estimated to cost the industry over a billion dollars a year which is, of course, passed on to the patient

without his having any voice in the pricing. A company executive of the committee said "our promotional activities, although certainly not perfect, represent in their totality a real confluence of the public and private interest." The cost of unnecessary prescriptions, meanwhile, could total as much as 200 million dollars a year for the United States, according to the estimate made by Dr. James A. Visconti of Ohio State University's college of pharmacy. A study done by Visconti and A. W. Roberts showed that 340 out of 1054 hospital patients received antibiotics and only 13% of the prescriptions "were judged rational by a physician and pharmacist review team". The rest were either 'irrational' (65%) or 'Questionable' (22%). Another study conducted by Dr. Calvin M. Kunin, reported in last October's Annals of Internal Medicine showed that "more than half of the antibiotics used in hospitals were either not needed, inappropriately chosen or used at an improper dose." Increasing concern is being expressed in the senate committee about these avoidable pratices but company executives decline to admit any direct responsibility for them The senate committee also reviewed the procedure of pharmaceutical companies giving free medical samples to doctors, some of whom, it was alleged, sold them to pharmacies for money or marchandise. The pharmaceutical industry has been under investigation in other quarters for a long time but no adequate legislation has yet been initiated to regulate the whole gamut of questions pertaining to business practices. But the central cause for worry is the reckless use of antibiotics that scientists allege has led to the proliferation of strains that are resistant to the present family of drugs. Dr. Sidney Wolfe of Ralph Nader's health reseach group cited a drug industry study showing that in 1972 almost two million people were treated with ampicillin for acute tonsilitis or sore throat alone. Assuming that the diagnosers were, correct, Dr. Wolfe said, these illness could have been treated with penicillin with far less risk and for five times less the cost. Ampicillin, Dr. Wolfe added, is one of many antibiotics that drug studies show, are being used with 'apparent reckless abandon.'

• From all study reports, enquiries and judgements in India and other countries of the world it can be concluded that multinational drug firms produce and sell sub-standard medicines causing deaths, physical hazards, physical deformations etc. Multinationals often use the developing countries as testing grounds of their drugs. They sell huge quantity of drugs in the underdeveloped countries which are banned in their own countries. They earn huge profits by establishing their brand names which may be available in much lower price in generic names. They resort to various malpractices to push up their sales. The multinationals create confusion by misleading the physicians by misquoting the trial reports, by hiding the side effects and toxicity of drugs and highly exaggerating the effectiveness of a new drug over an established drug without any basis. They compel the sales representatives under pressure to work as per their dictates. The multinationals under cover of aid from their Government to the underdeveloped countries dump huge quantity of ineffective drugs and exploit the entire population of these countries.

Irrational Production of Drug Formulations

In a report submitted by Prof. B. V. Rangarao of the centre of studies in science policy, Jawaharlal Nehru University, New Dehli, and a member of Hathi Committee, in the National Convention of economic independence and perspective of drug industry held in December, 1974 at New Delhi, revealed the irrational drug formulations produced in India which had no relation with the actual necessities of the ailing people. The study report included all manufacturing units in organised sector and some from the small scale sector. The organised sector was responsible for the production of 90% of total formulations. According to this report the largest single drug marketed is vitamins and account for 15% of the total formulations. Basic materials in this group are mainly imported in India. This is closely followed by an ill defined group of drugs, many of which can be classified as nutrient foods as well. These again are preparations not specific for any disease and accounts for 685 formulations or 9% of the total.

Thus quarter of the products of Indian pharmaceutical industry can not claim to be cure for any specific disease.

Another predominant group consists of expectorants or cough syrups. This is again a non specific symtomatic remedy, which has become more or less a household item and account for 340 formulations or about 4.5% of the total.

Analgesics and anti-pyretics account for 296 or 4% and tranquilisers and sedatives for 376 or about 5% of the total.

If the marketed drugs had any correlations with disease pattern. one would expect a large number of formulations against infectious diseases like malaria, filaria and leprosy For a disease like leprosy, which is largely non-existent in temperate areas 3 millions are suffering in India, there is only one drug marketed in 20 formulations. Altogather the anti-infective drugs, antibotics and others combined account for 1595 or 21.5%, but when specific diseaes are taken into considoration they are not significantly proportional to the incidence of diseases.

Formulations marketed by 27 multinational drug companies in India when analysed groupwise, shows vitamins form 16%, tonics and nutrients 4%, expectorants and cough syrups 3 2%, analgesics/anti-pyretics 3%, tranquilisers and sedatives 7.1% and anti-histaminics 4% of the totol. This study report is based on 1972 data. When cost structure is taken into consideration the percentage of non-essential drugs will go further up.

Pricing of Drugs

Prof. Rangarao was also critical about the pricing of drug formulations, which are mainly in the hands of the multinationals.

The profits in formulations are dependent on a number of factors, likely supply & cost of raw materials, management and labour charges, demand and turnover of the product etc. Insp te of arbitrary 'transfer prices' for intermediates and high retail prices through high pressure sales techniques, and brandnames, the volume of trade is large for the foreign subsidiaries and result i

a huge margin of profit. These profits are invisible for price control purposes as they are mixed up with the sales of cosmetics and other non-therapeutic materials.

The drug price indices in developed countries have been falling when static groups of drugs are considered, but for the whole industry, price indices have risen due to high prices of new drugs introduced (OECD, 1970 gaps in technology-pharmaceutical Paris, OECD, 1967). But in India the drug price index calculated on the basis of the prices of eight ageold static drugs has risen by 41 9% between 1961 and 1970.

In a sample survey of 4 widely used drugs wherein active ngredients are produced in India and supplemented by imports ire sold at fixed prices to the user drug industry. These are single ngredient drugs and one would expect parity in the prices. But he retail prices vary widely with the maximum prices ruling 400-50% over the minimum. The drugs in this group are in the narket for 60 to 30 years, far beyond the patent and research cost ecovery period.

Another group of 7 drugs which are in the market from 50 to 5 years are manufactured in India. Phenylbutazone, under its rand name, is priced 13 times the lowest priced product available the market.

The next group has 4 drugs which are in the market for more ian a decade. They were put in the market soon after their troduction abroad, by the same foreign companeis. The price iry in the range of 3 to 13 times.

Simply the percentage of the profitability on sales turnover not convey the complete picture. According to the Lok Sabha oceedings gross profits and net profits were higher in 1971-72 an 1969-70 in cases of the 32 of the 38 foreign majority equity lding drug firms though during the corresponding period the ofitability on sales turnover has gone down percentage wise. In veral cases even during these two years, the gross profits increa-d by more than 100 per cent.

Dependence on foreign technology

The products and process technology in this sector are private assets (except in socialist countries) and they are imported through private commercial enterprises like foreign subsidiaries, joint ventures and by pure technical collaboration arrangements. The markets are created and served by them with assured profits With these general conditions prevailing there is no tendency or need for the multinational drug firms to transfer technology voluntarily while all attempts would be directed to preserve the monopoly by different strategies to prevent the diffusion of technology.

According to Reserve Bank of India survey, foreign collaboration in Indian industry in 1968 the following is the type of assets transferred to the Indian pharmaceutical industry from abroad :

P—Patents;	T—Trade marks or Brand name		K—know how			
	PTK	PT	TK	P	T	K
1. *Through foreign subsidiaries*	7	1	5	—	—	—
2. *Through minority participation*	2	2	5	—	1	6
3. *Through technical collaboration*	2	—	—	1	--	-

These assets were paid for in foreign exchange as (a) dividen on equity participation (b) interests on loans advanced (c) royalt (d) technical fees for design and plant construction and (e)paymer to the foreign technicians. According to same survey report durin 1963—64, 20 foreign subsidiaries remitted Rs. 18.7 million towar dividends, interests on foreign loans and royalties; besides the amounts the foreigners employed by these units should have rem

tted a considerable amount. The remittances in 1970 according to 1974 survey, under these categories amounted to Rs. 205.6 million, out of which 20% were royalties and technical fee remittances.

According to a report on pharmaceutical industry by Mr. P.L. Badami, Librium was introduced in Indian market at more than Rs. 5555 per kg. whereas a Delhi firm could import it at Rs. 312 per kg. Another foreign subsidiary was charging Rs. 60,000 per kg. of Dexamethasone which was reduced to Rs. 16,000 at the intervention of Controller of imports.

About 10 foreign subsidiaries are registered under small industrial sector; their investment is very low at the same time sales and profits are very high. They also enjoy all the special benefits accorded to small scale industry. The rate of accumulation of reserves by these units is a measure of their financial successes with such industrial practices. Abbott, with Rs. 0.1 million equity, has Rs. 15.9 million in reserves and Anglo-French Drug Company with mere Rs. 10,000 equity has Rs. 4.9 million in reserves. All the units accumulated their reserves in India by mere fake technology import.

Other Methods

Some of the multinationals, in their country of origin, secure orders for export by their Indian subsidiaries. For export, Indian subsidiaries get concessions from the Government. The entire production and export responsibilities including costs, are borne by the Indian subsidiaries. But the multinationals in their country of origin gets an overriding commission for their service directly from the country which imports. The amounts earned in this manner and the terms of agreement are not known in India.

Giant multinationals in India produce large quantity of their products by contracting out production. But, the consumers are not informed about the names of the actual producers. The products bear the name of the multinational as the manufacturer. While the production cost by this process in the small scale sector

is much less, the multinationals continue to put the price based on the pricing of their own products. Pfizer, an American subsidiary company having 75% foreign equity, contracted out the production of Marax, PAS, Pasonex, Sodium PAS, Urobiotic, Dumasules etc.

During 1977-78 the production schedule per month of a company in the small scale sector in Hyderabad and Vijayawada included huge quantity of production for multinationals as follows :

Name of the multinational Company	Name of the Product	Per Unit	Total quantity
Sandoz	*Santivini*	*360 ml*	*1-1.5 lakhs*
Sandoz	*Macalvit*	*200 ml*	*1 Lakh*
Warner Hindustan	*Water Burry's compound*	*450 ml*	*50,000*
Bayer	*Bayer's Tonic*	*200 ml* *500 ml*	*10,000 litres*

Violation of Law

The multinationals, many a times, grossly violate the laws of the land. In reply to a question in Lok Sabha in 1976 the Petro-Chemical Minister informed that E. Merck were found to be manufacturing Dolo-Neurobion, a combination of Analgin and vitamins B_1, B_6 and B_{12} without any industrial licence. Smith Kline & French was found to be producing Eskaycilline based on bulk ampicillin without licence.

Employment

Inspite of tremendous increase in production and sales turnover there had been stagnancy, if not reduction in the number of workers employed by these multinationals Hardly any survey has been made in this direction though the country is reeling under serious unemployment problem.

The following figures will show the state of employment of the workers by the multinationals.

Glaxo Laboratories India Limited :

Year	*No. of employees*	*Profit (in crores) before tax*	*Dividends*
1974	*5083*	*3.60*	*7%*
1975	*5019*	*3.65*	*14%*
1976	*4998*	*4.84*	*16%*
1977	*4984*	*7.14*	*18%*
1978	*5055*	*8.38*	*19%*

Pfizer Limited :

Year	*No. of workmen at Thane factory*	*Profit before tax (in crores)*	*Dividends*
1972	*1029*	*6.42*	*21%*
1973	*1032*	*6.46*	*22%*
1974	*1026*	*5.13*	*23%*
1975	*1019*	*5.21*	*24%*
1976	*1014*	*6.64*	*25%*
1977	*1013*	*6.90*	*27%*

Temporary Workers

Though job natures are permanent, the multinationals refuse to employ the workers in permanent category. They appoint temporary and casual workers year after year. In Pfizer the number of temporary workers were 451 in 1977 many of whom have been serving for the period ranging from 10 to 14 years. The following table will illustrate the plight of temporary employees :

Company—Pfizer Limited

Year	*Permanent*	*Temporary*	*Sales turnover in rupee crores*
1968	*1032*	*80*	*14.00*
1969	*1015*	*160*	*15.89*
1970	*1020*	*195*	*17.34*
1971	*1021*	*267*	*20.84*
1972	*1029*	*362*	*24.38*
1973	*1032*	*397*	*25.69*
1974	*1026*	*448*	*27.07*
1975	*1019*	*487*	*33.90*
1976	*1014*	*517*	*39.30*

Contract Labour

The multinationals appoint contractors to employ contract labour to do the jobs like sweeping of floors, gardening, watch and ward, canteen, engineering distribution, drivers etc thereby exploiting these workers from getting their legitimate claims of wages and other benefits. In this industry the manufacturers employ contractors to distribute the company's products to the retailers. They appoint stockists and distributors to do this job. They float paper companies as contractors for distribution of work and exploit the workers.

Computerisation and Mechanisation

The multinationals in this industry are installing powerful computers and thereby not only reducing the employment potential but also threatening the job security of the existing employees and also to reduce the existing staff complement. Through machanisation and automation the job potential is being continuously reduced and the work load on the workers are increased. In the name of expenditure on Research & Development a substantial amount is spent for improved mechanisation and automation and for reduction in production costs. The price of a product was fixed on a particular date taking various factors into consideration

including production costs. However, when there is substantial reduction in the production costs, in the manner, as mentioned above, the benefits are not extended to the people by reducing the prices of the drugs. A recent example is that of Glaxo. 'Betnelan' price was fixed taking into account the production cost at a particular time. Thereafter, the cost of production was substantially reduced but the price of Betnelan was not reduced. This fact was brought to the notice of the Government of India by the Trade Union of the workers in May, 1977. Ultimately, the company was compelled to reduce the price of Betnelan by Rs. 7.00 per 100 tablets in February, 1979.

Lockouts

To suppress the workers' legitimate demands, the multinationals in this industry resort to lockouts. Sometimes workers are compelled to go on strike protesting against these lockouts. On 6th May, 1977 Glaxo Laboratories locked out its Aligarh factory which compelled the workers of the company, all over India, to resort to indefinite strike from 13th May, 1977. Pfizer Limited locked out its Thane factory when the temporary workmen were peacefully agitating demanding permanency in job. Biological Evans locked out its factory in Hyderabad in October, '77 when the workers demanded settlement of their charter of demands and adequate bonus. Against this lock out, the workers had to resort to indefinite strike. Smith Kline & French locked out its Bangalore factory in June, 1978, when the workers demanded immediate settlement of their charter of demands. The workers had to resort to indefinite strike. Organon locked out its pharmaceutical factory at Calcutta when the workers demanded the restoration of their previous benefits which were taken away by the employer.

Interference in Trade Union Activities

The multinationals are seriously interfering in the normal trade union functions including the right of the workers to form trade unions of their own choice. Glaxo Laboratories refused to

allow the President of Aligarh Union to enter into company's premises, negotiate with the management in respect of the workers' demands and signing the settlement. The President of the Union is the workman of the Company's Aligarh factory, who was suspended by the managment for his trade union activities. Smith Kline & French refused to allow the office bearers and the executive committee members of the Union, who are the workmen of the company and who are victimised or suspended for their trade union activites, to enter into the company's permises in connection with normal trade union functions.

The multinationals in this industry are refusing to accept the employees' trade unions as the collective bargaining forum for the Medical and Sales Representatives. Some of these companies are Glaxo Laboratories, Smith Kline & French, Sandoz, John wyeth, Pfizer etc.

Victimisations

The multinationals resorted to victimisation of the leaders and active cadres of trade unions. Glaxo Laboratories terminated the services of the General Secretary of All India Chemical and Pharmaceutical Employees' Federation (AICAPEF) and Federation of Medical Representatives' Associations of India (FMRAI); President of Aligarh Union and seven other active workers; Vice-President and General Secretary of Punjab Unit and Treasurer of Bihar Unit of FMRAI; Vice-President of Delhi Union and 6 other active members amongst the Medical Representatives.

Smith Kline & French dismissed 24 office bearers, executive committee member, and other active members and suspended many. The list of victimised employees include the General Secretary of the trade union.

Biological Evans dismissed 24 office bearers, executive committee members and others which include the General Secretary of the trade union.

Suhrid Geigy terminated the services of the Secretary of FMRAI, two other active members and retrenched 18 office employees after illegal closure of Patna office.

John-Wyeth terminated the service, of the Vice-President of one West Bengal Unit, Cynamid terminated the services of the Joint Secretary of one West Bengal Unit, Pfizer terminated the services of one union activist of Kerala Unit, Hoechst terminated the services of Vice-President of Uttar Pradesh Unit, Bayer terminated the services of the President of Kanpur Unit and one Union activist of Andhra Pradesh Unit, Organon terminated the services of union activist of Kerala unit, Sandoz terminated the services of Vice-President of Bombay unit and one executive committee member of Assam unit of FMRAI.

J. L. Morison dismissed from services the Vice-President of the trade union of the workers and Johnson & Johnson terminated the services of Joint Secretary and three other active members of the Union and suspended many office-bearers and executive committee members of the Union.

Wages

A general impression is given that the multinationals give higher wages to the workers. The wage pattern is related to various factors. However, a survey of the wage pattern of the workers employed by the multinationals in this industry will reveal that the amount paid is mostly to neutralise the spiralling prices of the commodity as reflected in the Consumers' Price Indices. The real wages of the workers have not been increased. The multinationals refuse to and hardly arrive at a settlement in respect of the revision of the pay scales. Instead of improving the wage pattern, the multinationals are increasingly imposing ceiling on the dearer living allowances and thereby, in reality, taking away, the existing benefits. The per capita workload and the per capita increase in production are much higher and faster compared to the wages of the employees even if the dearer living allowance is taken into account.

A survey report by the Economic Times Research Bureau published in February, 1977 reveal that during 1975-76 the remunerations of the executives of the multinationals is out of proportion to the general wage bill. The following table will reveal the facts :

Name of the Companies	Total wage Bill	Total remuneration drawn by high salaried personnel (Rs. in '000)	Per cent	No. of Personnel
1. *Boots*	*17120*	*1449*	*8.5*	*24*
2. *Cynamid*	*19988*	*1889*	*9.5*	*35*
3. *Glaxo*	*97742*	*9115*	*9.3*	*175*
4. *Geoffrey Manners*	*20745*	*1536*	*7.4*	*29*
5. *German Remedies*	*11106*	*1380*	*12.4*	*20*
6. *Merck, Sharp & Dhome (*)*	*14539*	*1529*	*10.5*	*28*
7. *Parke Davis*	*21833*	*2971*	*13.6*	*63*
8. *Pfizer*	*61274*	*6851*	*11.2*	*119*
9. *Richardson Hindustan*	*12950*	*2097*	*16.1*	*31*
10. *Sandoz*	*34083*	*3650*	*10.7*	*64*
11. *Warner Hindustan*	*12317*	*1589*	*12.9*	*28*
12. *Wyeth Labs*	*8516*	*912*	*10.1*	*15*
13. *Hoechst (*)*	*34605*	*5197*	*14.6*	*88*

(*) pertains to 1974-75

Calculated on the basis of the above report the following table will give the approximate average remuneration of the top executives per annum :

Boots	*Rs. 60,000*	*Geoffrey Manners*	*Rs. 53,000*
Cyanamid	*Rs. 54,000*	*German Remedies*	*Rs. 62,000*
Glaxo	*Rs 52,000*	*M. S. D.*	*Rs. 55,000*
Parke Davis	*Rs. 47,000*	*Warner Hindustan*	*Rs. 57,000*
Pfizer	*Rs. 58,000*	*Wyeth*	*Rs. 61,000*
Richardson		*Hoechst*	*Rs. 59,000*
Hindustan	*Rs. 68,000*	*Sandoz*	*Rs. 57,000*

Above figures do not include other benefits provided to the top executives like free furnished apartments, free cars, free entertainment expenses and so on.

The following table from the published report of the Economic Times Research Bureau will further reveal the wide disparity between the remunerations of the Managing Directors and other executives of the multinationals. The comparison with the wages of the workers is unthinkable.

Remunerations of the Managing Directors of some multinationals during 1975-76

Name of the company	*Yearly Remunerations*
1. Boots	*Rs. 1,44,765*
2. Boehringer Knoll	*Rs. 1,18,727*
3. Cyanamid	*Rs. 1,35,803*
4. Glaxo	*Rs. 1,96,094*
5. Geoffrey Manners	*Rs. 1,25,400*
6. German Remedies	*Rs. 1,41,159*
7. M. S. D.	*Rs 99,525 (1974-75)*

8. Parke-Davis	*Rs. 1,46,457*
9. Pfizer	*Rs. 1,74,586*
10. Roche	*Rs. 1,83,848*
11. Sandoz	*Rs. 1,37,541*
12. Richardson Hindustan	*Rs. 1,24,443*
13. Warner Hindustan	*Rs. 1,22,700*

Conclusion

The drugs and pharmaceutical industry is considered to be a closed industry as the entire system of production, distribution, sales, profits etc. are not yet fully exposed. From time to time efforts were made by some committees appointed by the Government to study and submit reports. The reports were published and recommendations were made. Some questions were raised on the floor of the Parliament. But, the working class in India and the suffering toiling millions did not make any serious effort to study the situation and recommend the remedies. The multinational strangle-hold on the industry has been taken to be granted as if they are to stay permanently in this country. Through powerful campaigns and as a legacy of the imperialism the impression has been created that the multinational drug companies are producing quality medicines and they are needed for the benefit of the suffering people of this country. This image has been created through systematic campaigns over the years with the tacit support of the persons who are in the helm of the administration including the Government's policies.

Though, every year hundreds of formulations, which are proved to be substandard and which are formally called back from the market by the multinationals, the myth of quality drugs of the multinationals remains. The medical and sales representatives are victims of severe exploitation machinary of the multinationals. Their organised voice for job security and rational working conditions are being ignored by the government and those who rule this country. The multinationals see to it that this section of employees are not exposed to organised trade

union life and all attempts are being made to prevent the same, for, through this section of workers multinationals have created an artificial market and through them they continue to maintain their image.

It is necessary that workers of this industry along with the entire working class in India and other sections of the toiling millions carry forward the movement not only for their own interests but also for the suffering millions. It is imperative that all trade unions and other mass organisations extend their full support to the organised movement of the Chemical and Pharmaceutical workers against the multinationals.

The All India Chemical and Pharmaceutical Employees' Federation and its affiliated units including the Federation of Medical Representatives' Associations of India have, inter alia, demanded for complete takeover of all multinational drug companies forthwith; reduction of drug prices; to regularise the jobs of temporary workers; to abolish the contract labour system; appropriate legal protection of the medical and sales representatives against victimisations etc. In pursuance of these demands an organised trade union movement has been launched in 1974 by AICAPEF. The struggle is long drawn. But, a begining has been made. The workers of the industry are determined to carry forward their struggle against the multinationals inspite of the powerful influence of their agents operating in India.

Without the active support and solidarity with the entire working class and other sections of the toiling people, the struggle against the multinationals will not be successful. Therefore, AICAPEF is making efforts in this direction.

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Rs. THREE